weekly economic review

February 1, 2013

Rigs Drilling

Drilling activity trending lower

Rigs drilling continued to move lower, posting the eighth consecutive year-over-year decrease in January. The average number of rigs drilling in Alberta was 368 in January, down 8.2% from the same month last year. Despite the drop, January's rigs moved slightly above the five year monthly average (see chart).

Average Weekly Earnings

Earnings dip, but remain well above last year's level

Average earnings in Alberta remain volatile on a monthly basis, easing down by $10 to $1,086 per week in November. Despite the monthly dip, earnings were 3.4% higher than November 2011, bringing year to date earnings growth to 3.3% in 2012. Weekly earnings remain the highest in Canada and are well above inflation readings over the same period.

Nationally, average weekly earnings increased to $911, marking a 3.2% gain over November 2011.

GDP by Industry

Canadian economy grows

Canadian real GDP grew by 0.3% in November, posting its largest gain since April. Growth was broad-based across industries with manufacturing, and mining, quarrying, oil & gas extraction contributing the most to growth. Production in the oil and gas extraction industry increased by 0.8%, with all of the gains coming from conventional oil and gas extraction (+2.3%). Despite declining in November, non-conventional oil extraction industry GDP was up 8.8% year-to-date.

Insolvency Statistics

Bankruptcies decline

The total number of bankruptcies in Alberta came in at 435 in November, 27.0% lower than November 2011. This marks the 25th consecutive month of year-over-year declines. Both consumer and business bankruptcies contributed to the drop.

US Economy

Dip in GDP not as bad as it looks

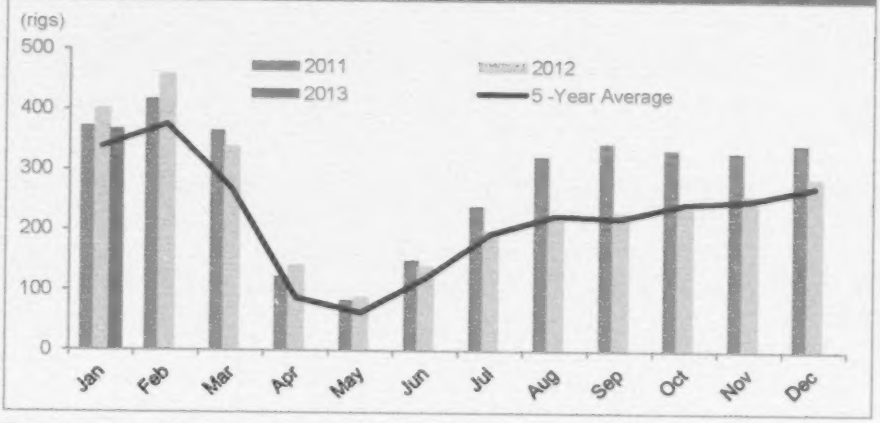
Preliminary fourth quarter estimates for US real GDP suggest a slight drop of 0.1%, the first decline since the second quarter of 2009. The drop in output was in large part due to a draw down in inventories, and a 22.2% drop in federal defense spending.

On the positive side, business fixed investment jumped by 8.4%, reversing a 1.8% decline in the third quarter. Also, strong growth in personal consumption expenditure (+2.2%) and residential investment (+15.3%) are further indications that the US economy is healthier than what might be inferred from the headline decline.

Estimates of job growth revised up

The US economy added 157,000 jobs in January, down from 196,000 in December. The January number, though substantial, was overshadowed by substantial upward revisions going back two years. Estimates for average monthly job gains in 2012 were revised to 181,000 jobs, while 2011 estimates were revised to 175,000 jobs. Both years had been previously estimated to have added an average of 153,000 jobs per month. Markets reacted positively to the January jobs report, as the S&P 500 and Dow Jones Industrial Average both closed above five year highs.

Alberta Rigs Drilling



Source: The Canadian Association of Oilwell Drilling Contractors

Closing Prices	January 24, 2012	January 31, 2012	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	99.74	100.08	100.17
WTI Oil ($US/bbl)	$95.95	$97.49	$91.60
NYMEX Natural Gas ($US/MMBtu)	$3.45	$3.34	$2.97

Alberta Economic Indicators

Population	2011	2012YTD	2013YTD	Aug	Sep	Oct	Nov	Dec	Jan
Population[1] (000's)	3,778	3,874	--	--	--	3,907	--	--	--
y/y % change	1.5	2.5	--	--	--	2.9	--	--	--
Net Interprovincial Migration[1]	8,443	28,170	--	--	--	13,915	--	--	--
Net International Migration[1]	16,703	37,990	--	--	--	10,809	--	--	--
Net Non-permanent Residents[1]	-7,604	9,721	--	--	--	3,946	--	--	--
Labour Market									
Employment (000's), SA	2,094	2,150	--	2,154	2,156	2,161	2,171	2,165	--
y/y % change	3.8	2.7	--	2.1	1.8	1.7	1.8	1.5	--
Unemployment Rate (%), SA	5.5	4.6	--	4.4	4.4	4.5	4.2	4.5	--
Participation Rate (%), SA	73.7	73.4	--	73.2	73.1	73.1	73.0	72.9	--
NEW: Average Weekly Earnings ($), SA	1,038.69	1,071.81	--	1088.45	1083.98	1095.42	1085.89	--	--
y/y % change	4.6	3.3	--	3.6	3.9	4.0	3.4	--	--
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	--	1.0	1.4	0.6	0.6	0.0	--
Excluding food and energy	0.8	1.3	--	1.4	1.1	1.2	0.9	1.1	--
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	4.1	--	--	3.5	--	--	--	--
Farm Product Price Index (y/y % change)	18.0	5.2	--	5.0	2.3	--	--	--	--
Crops	19.3	1.9	--	4.2	1.7	--	--	--	--
Livestock	16.7	7.8	--	5.2	3.7	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	25.7	33.3	--	29.3	33.4	33.6	39.7	30.0	--
y/y % change	-5.1	30.6	--	-5.9	34.2	-0.5	32.2	4.7	--
New Housing Price Index[3] (y/y % change)	0.4	1.2	--	1.6	1.8	1.6	1.7	--	--
Edmonton	0.9	0.9	--	0.9	1.3	0.8	0.8	--	--
Calgary	0.1	1.5	--	2.4	2.3	2.4	2.8	--	--
MLS Average Resale Prices ($ 000's)	352.7	362.0	--	364.2	362.4	367.5	371.6	370.5	--
y/y % change	0.5	2.6	--	3.6	0.4	4.1	4.3	4.6	--
Edmonton ($ 000's)	324.2	332.7	--	335.9	322.4	332.5	347.3	343.9	--
y/y % change	0.7	2.6	--	3.2	-3.5	1.6	4.3	4.4	--
Calgary ($ 000's)	401.9	410.8	--	411.5	409.1	423.5	418.7	434.5	--
y/y % change	1.1	2.2	--	1.6	-0.4	5.5	3.7	7.3	--
Retail Sales, SA (y/y % change)	6.9	8.1	--	8.4	8.0	5.4	4.4	--	--
New Motor Vehicle Sales (y/y % change)	9.6	11.5	--	9.0	15.7	9.1	2.6	--	--
NEW: Consumer Bankruptcies	7,029	5,413	--	454	421	489	420	--	--
y/y % change	-13.8	-17.3	--	-23.7	-19.8	-5.0	-27.2	--	--
Business Sector									
NEW: Rigs Drilling	286	250	368	223	229	236	258	287	368
y/y % change	30.4	-12.6	-8.2	30.9	-33.7	-29.6	-21.8	-16.6	-8.2
Goods Exports, customs based (y/y % change)	18.5	4.0	--	7.5	-9.1	7.1	-3.2	--	--
Energy	19.4	5.1	--	-9.9	-9.0	9.5	-1.9	--	--
Farm, Fishing and Intermediate Food	27.2	20.4	--	30.4	25.2	26.2	6.4	--	--
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0	--	--	8.8	--	--	--	--
Manufacturing Shipments, SA (y/y % change)	18.0	6.5	--	5.0	1.2	2.0	-6.5	--	--
Wholesale Trade, SA (y/y % change)	15.0	11.9	--	9.6	7.4	4.5	4.9	--	--
Building Permits, SA (y/y % change)	11.8	15.2	--	11.0	6.1	25.5	26.3	--	--
Residential	5.2	19.0	--	30.2	9.4	15.2	23.9	--	--
Non-residential	20.9	10.5	--	-10.4	1.4	42.2	29.9	--	--
NEW: Business Bankruptcies	264	214	--	10.0	21.0	18.0	15.0	--	--
y/y % change	-30.2	-13.0	--	-61.5	-8.7	-40.0	-21.1	--	--

YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

[1]Quarterly; annual numbers are presented on a census year basis (July 1–June 30).

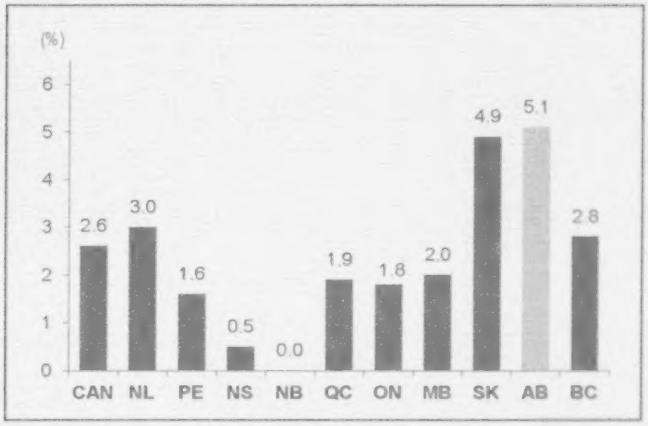
[2]Quarterly, average of Calgary and Edmonton

[3]Average of Calgary and Edmonton

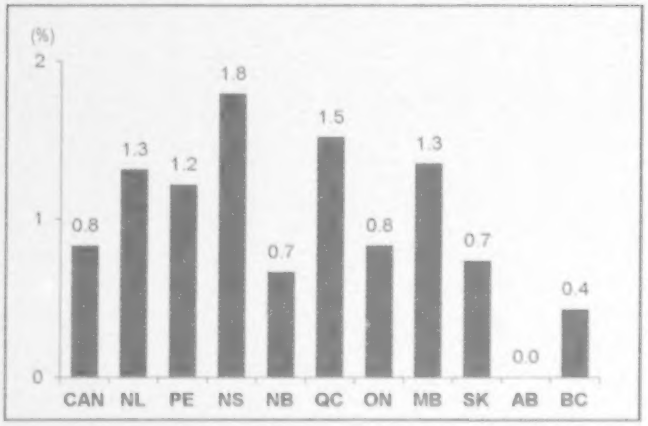
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

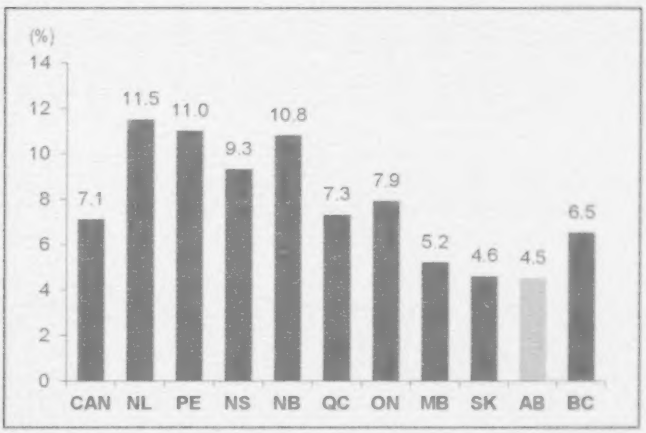
Real GDP Growth by Expenditure
(2011, year-over-year growth)



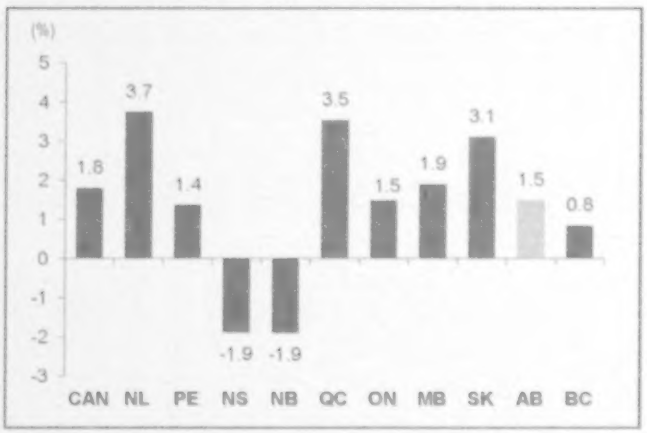
CPI Inflation
(December 2012, year-over-year growth in CPI)



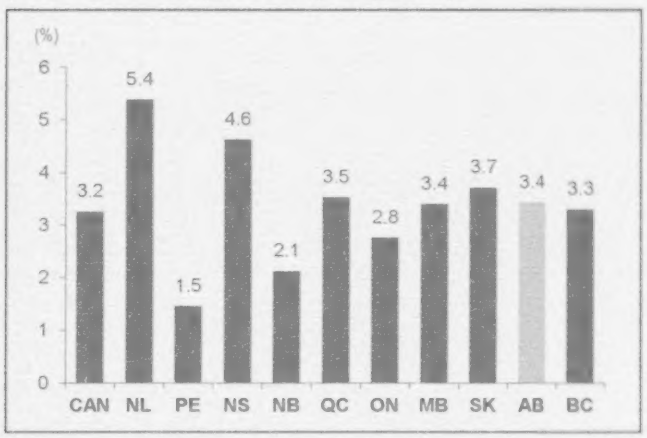
Unemployment Rate
(December 2012)



Employment
(December 2012, year-over-year growth)



Average Weekly Earnings
(November 2012, year-over-year growth)



Housing Starts
(December 2012, SAAR, year-over-year growth)